

RV BUSINESS

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Canadian Trade Pact to Open RV Opportunities

Although Canadian and U.S. RV industry members acknowledge that they have yet to sort out all the details of the recently ratified U.S.-Canadian Free Trade Agreement, the consensus on both sides of the border is that the landmark pact will have a salutary effect on the RV business on both sides of the border.

The agreement, which was officially adopted on Jan. 1, 1989, calls for the eventual elimination of all tariffs between the United States and Canada over the next 10 years. Specifically, the agreement provides for products to be separated into three categories, each with a different timetable. For products in category one, all tariffs ended upon the adoption of the pact. In category two, the tariffs will be gradually reduced on an accelerated basis so that those products will be duty-free within five years. Under category three, the classification that includes most RV products, tariffs will be reduced 10% each year for the next 10 years. Since most RV products now carry a 12% tariff, that means that the duty on products crossing the border dropped by a little more than 1% at the start of the year.

The fact that the reduction for 1989 is fairly insignificant no doubt accounts for the fact that neither the Canadian nor U.S. RV manufacturers and dealers are rushing to get their products to the border. "It isn't exactly open field running at this stage," said Jack Cole, president of Lance Camper Manufacturing Corp., Pacoima, Calif. "Because the restrictions are going to come

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SHOW PROMOTIONS: Do dealers sacrifice control when they let a professional show promoter organize their show? See page 35 for some views on the advantages and disadvantages of using show promoters.

Folding Trailer Competition Heats Up; Makers Vying for Market Share

Competition has heated up for the nation's folding camping trailer manufacturers in the past three years, as some 13 companies—shipping camping trailers at a rate of about 41,500 units a year—scramble for market share in their respective product niches.

But, while products have changed to a dramatic extent in recent years, all the scrambling hasn't brought significant change to the U.S. sales picture. Unit sales have not grown appreciably in six years, and nei-

ther have the pivotal players changed much. Eighty-four percent of annual U.S. sales in the first nine months of 1988 were garnered (in order of market share) by The Coleman Company Inc., Wichita, Kan.; Starcraft, Topeka, Ind.; Jayco Inc., Middlebury, Ind.; Vanguard Industries of Michigan Inc., Colon, Mich.; and Coachmen Industries Inc., Elkhart, Ind., according to Statistical Surveys Inc. in Grand Rapids, Mich.

No company has seriously

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RV BUSINESS

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TWO DOLLARS



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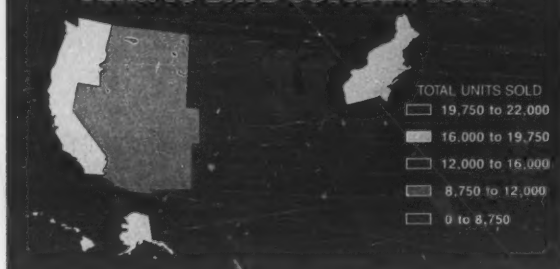
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OCTOBER SALES WERE DOWN

THOMAS WALWORTH

ALL RV-TRAILER SALES BY REGION YEAR-TO-DATE OCTOBER 1988



ALL MOTORHOME SALES BY REGION YEAR-TO-DATE OCTOBER 1988



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific:** Alaska, California, Oregon, Washington; **Hawaii:** Hawaii; **South Atlantic:** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

The RV industry suffered a bit from the four-year phenomenon called presidential elections. The buying public and RV dealers alike seemed to postpone their buys until a clear front-runner was declared.

For the month of October 1988, sales volume for the RV-trailer market was below that of 1987 in six of the seven main regions, while the motorhome market had all seven regions below 1987 levels for the same month. The year-to-date numbers remained positive, with RV trailers at 2.74% and motorhomes at 1.3% ahead of October 1987 year-to-date figures.

The motorhome market experienced a nationwide decrease of 13.5% in retail sales for October. This was the largest one-month decline in 1988.

Figure 1 shows the regions ranked by percent of change from October 1987. Within the West North Central region, South Dakota had the largest positive percent of change in sales. In the South Atlantic region, the state of Georgia had the largest decline in percentage change.

The year-to-date ranking for the seven motorhome regions for October year-to-date can be seen in Figure 2. New Mexico had the largest positive percent of change in the Mountain region for October year-to-date, while North Carolina had the largest negative percentage of change in the South Atlantic region.

Similarly, the RV-trailer market experienced a nationwide decrease; retail sales

were down 8.9% in October. This was the second largest decline that the RV-trailer market experienced in 1988.

Figure 3 shows the nation's main regions ranked by their percentage change in RV-trailer sales in October 1988 compared with the same month in 1987. Within the top-ranked Mountain region, New Mexico had the largest positive percentage change. South Carolina had the largest decline in October for the South Atlantic region.

The year-to-date ranking of the seven regions of the country for RV-trailer sales can be seen in Figure 4. In the West North Central region, Nebraska had the greatest percent of change. In the South Atlantic region, Florida experienced the greatest decline in RV-trailer sales.

October should be the bottom of the decline for 1988, since buyers started to get a better feel for who was going to be the winning presidential candidate in November. Also, November 1988 should prove to be a better month than November 1987, since buyers were feeling unstable then about the market following Black Monday.

Overall, we still expect a positive increase for year-end 1988 over 1987 in both motorhome and RV-trailer sales. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

MOTORHOME MARKET				
Oct. '88 Rank	Region	% of Change From Oct. '87	Sept. '88 Rank	
1	W.N. Central	- 2.90	7	
2	Mountain	- 7.60	1	
3	E.N. Central	- 7.72	5	
4	S. Central	-11.50	4	
5	Pacific	-11.90	3	
6	Northeast	-20.20	2	
7	S. Atlantic	-24.30	6	

Figure 1

MOTORHOME MARKET				
Oct. '88 Rank	Region	% of Change Year-to-Date	Sept. '88 Rank	
1	Mountain	10.90	1	
2	Pacific	8.91	2	
3	Northeast	1.08	3	
4	E.N. Central	.90	4	
5	W.N. Central	-2.94	5	
6	S. Central	-4.77	6	
7	S. Atlantic	-10.79	7	

Figure 2

RV-TRAILER MARKET				
Oct. '88 Rank	Region	% of Change From Oct. '87	Sept. '88 Rank	
1	Mountain	12.60	2	
2	S. Central	-7.47	1	
3	Pacific	-7.60	5	
4	E.N. Central	-10.80	3	
5	W.N. Central	-12.10	6	
6	Northeast	-13.20	4	
7	S. Atlantic	-16.90	7	

Figure 3

RV-TRAILER MARKET				
Oct. '88 Rank	Region	% of Change Year-to-Date	Sept. '88 Rank	
1	W.N. Central	7.93	1	
2	Mountain	7.74	2	
3	Northeast	5.80	3	
4	Pacific	4.00	4	
5	S. Central	2.55	5	
6	E.N. Central	.38	6	
7	S. Atlantic	-3.90	7	

Figure 4

CAUTION FROM CABOT COVE

MORTON J. MARCUS

TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

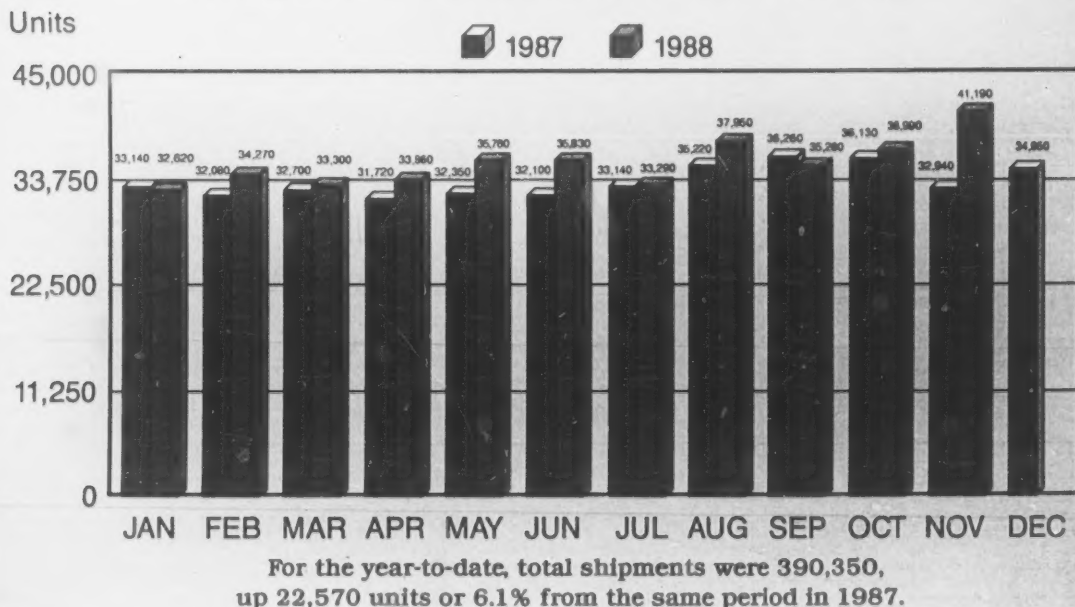


Figure 1

One of the most popular TV series in the past few years has featured a lady mystery writer who lives in a Maine town where all characters are caricatures. They deliver wily wisdom with clam chowder; they roll their eyes to express the entire range of human emotion; and they specialize in a flamboyant restraint, which is supposed to represent New England at its most charming.

If the latest RV shipment data had been released in Cabot Cove, one of these characters might have said, "Now, hold on, there's no sense in gettin' all excited 'bout these numbbas 'til we see some mawr latta on." As is always the case of Cabot Cove philosophy, they would be "durn right."

The November 1988 shipment figures were spectacular. RVIA reported 32,940 units and, when adjusted for normal seasonal patterns, the total came out at nearly

41,200 (see Figure 1). This was an increase of 25% from the same month last year. It represented the best month of 1988, beating out August by a full 5,200 units. It pumped total annual shipments up to more than 22,500 units above 1987. Even staid New Englanders would offer a sustained raised eyebrow at those numbbas.

Yet, as frequently stated here, monthly data must be taken in small doses and with care. The rise in shipments for November above those of October was 4,200 units (10.2%)—clearly a substantial gain—but it was made up of one enormous increase of 4,800 units (21.3%) in van conversions (see Figure 2). Towables also gained during the month, but only by 800 units or 2.3%. Motorhomes fell by nearly 900 units or 14.7% from the previous month.

All classes of motorhomes declined in November. For the year-to-date, only Class

As and Class C minis showed any gains among the motorhomes. Van campers are running at a pace just three-quarters as fast as the previous year. Low-profile Class Cs were off by nearly 20% from the year prior, and the micro-minis were down by a full third from their 1987 level.

Towables, by contrast, were up 3.6% or 4,800 units from 1987. Except for a 2% decline in conventional travel trailers, all towables were doing better than in 1987. Fifth-wheels led the towables category in up-volume (3,800 units) and in percentage gain (15.6%).

These positive notes for towables, however, were pale compared with van conversions. Fully 85% of the gain in RV volume for the year was accounted for by van conversions. These units have been moving at a pace of 11.5% ahead of 1987, with 19,230 more units shipped.

RVIA SHIPMENTS

Trading Market Shares

Van conversions picked up 2.3 market-share points from a year ago in November. (See Figure 3.) They now hold 47.8% of the market, with towables holding 35% and motorhomes accounting for 17.2%. Only fifth-wheels and truck campers showed any market-share gains, and none of these compared with the strides made by van conversions in 1988.

In November 1988, van conversions represented 54.7% of the market. This was the second time in four months that they held half or more of the total RV market. It was the first time since early 1986 that van conversions topped 50% of the total monthly volume. From February through April of 1986, they topped the 50% mark and then fell to a low of 41.1% by December 1986. (See Figure 4.)

From where do van conversions draw their market share? In November 1988, van conversions moved up by .08 points from their share in October. Four of those points came from motorhomes and the balance from towables. It would seem that motorhomes would be the most likely market to be exchanging units with van conversions. But, as Figure 4 shows, the market share of towables seemed to fluctuate more with changes in van conversions than it did with the share of motorhomes. The monthly market shares of van conversions and towables seem to be mirror images of each other, with motorhomes seemingly unaffected by the ups and downs of van conversions or towables.

In the 34 monthly up-and-down changes shown in Figure 4, van conversions moved 22 times in the opposite direction from motorhomes. When one went up, the other went down. Van conversions and towables, however, moved in the opposite direction, not in 22 but in 29 of the 34

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE OF UNITS	NOV 1988	PERCENT CHANGE FROM OCT	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
Total RVs	41,190	10.2	390,350	367,780	6.1
Travel Trailers:					
Conventional	4,680	-7.0	53,180	54,290	-2.0
Park Models	630	30.0	6,710	6,130	9.4
Fifth-wheels	2,580	1.1	28,420	24,590	15.6
Folding Camping Trailers	3,840	12.9	38,350	37,520	2.2
Truck Campers	900	-10.3	10,030	9,350	7.3
Motorhomes:					
Class A	3,400	-9.3	38,170	37,470	1.9
Class B Van Campers	500	-57.4	5,080	6,810	-25.5
Class C:					
-Minis	1,940	-13.3	19,870	18,800	5.7
-Low Profiles	100	-9.1	1,810	2,250	-19.6
-Micro-minis	120	-20.6	2,160	3,230	-33.2
Multiuse Van Conversions	22,510	21.3	186,570	167,340	11.5

Note: Percentages are computed from unrounded data.

Figure 2

monthly changes. This indicates, as does the graph, that towables, more frequently than motorhomes, yielded market share when van conversions gained. Conversely, towables, more than motorhomes, were likely to be the beneficiaries in market share when van conversions lost some of their attractiveness.

These results are not conclusive. We need to give them some greater clarification, but they are suggestive of trade-offs within the industry. It will take more research over a greater period of time, bringing in other factors, before we can see how these trade-offs actually take place. X

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MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	13.6	14.8
Park Models	1.7	1.7
Fifth-wheels	7.3	6.7
Folding Camping Trailers	9.8	10.2
Truck Campers	2.6	2.5
Total Towables	35.0	35.9
Motorhomes:		
Class A	9.8	10.2
Class B Van Campers	1.3	1.8
Class C:		
Minis	5.1	5.1
Low Profiles	0.5	0.6
Micro-minis	0.6	0.9
Total Motorhomes	17.2	18.6
Multiuse Van Conversions	47.8	45.5

Detail may not add to total because of rounding.

Figure 3

RV MARKET SHARES BY PERCENT

(Jan 1986 to Nov 1988)

Yr/Month 1986	Van Conversions	Towables	Motorhomes	Yr/Month 1987	Van Conversions	Towables	Motorhomes	Yr/Month 1988	Van Conversions	Towables	Motorhomes
Jan	47.4	37.5	15.2	Jan	45.5	37.1	17.4	Jan	45.6	39.5	14.9
Feb	52.6	31.4	16.0	Feb	45.1	37.8	17.1	Feb	47.3	35.9	16.8
Mar	50.3	34.0	15.7	Mar	47.2	34.6	18.2	Mar	44.5	37.3	18.2
Apr	50.2	32.4	17.4	Apr	45.7	35.6	18.7	Apr	48.1	34.8	17.1
May	48.7	33.1	18.2	May	47.8	34.3	17.9	May	47.9	34.8	17.3
Jun	48.9	32.0	19.2	Jun	45.4	35.9	18.8	Jun	44.0	37.3	18.7
Jul	47.7	34.0	18.3	Jul	43.7	36.8	19.5	Jul	47.2	35.1	17.7
Aug	47.9	34.3	17.8	Aug	44.3	35.8	20.0	Aug	50.0	34.0	15.9
Sep	49.2	32.0	18.7	Sep	45.6	35.1	19.3	Sep	46.9	33.8	19.3
Oct	44.9	36.0	19.0	Oct	45.9	35.4	18.7	Oct	47.9	33.4	18.7
Nov	43.1	38.4	18.5	Nov	44.6	36.2	19.2	Nov	54.7	30.7	14.7
Dec	41.1	38.3	20.5	Dec	43.0	40.0	17.0	Dec	N/A	N/A	N/A

Figure 4